



HEALTH QUARTERLY STATEMENT

AS OF MARCH 31, 2004  
OF THE CONDITION AND AFFAIRS OF THE

Memphis Managed Care Corporation

NAIC Group Code 0000 (Current Period) , NAIC Company Code 0000 (Prior Period) Employer's ID Number 621539163

Organized under the Laws of Tennessee , State of Domicile or Port of Entry Tennessee

Country of Domicile US

Licensed as business type:

Life Accident and Health [ ] Property/Casualty [ ] Hospital, Medical and Dental Service or Indemnity [ ]  
Dental Service Corporation [ ] Vision Service Corporation [ ] Other [ ]  
Health Maintenance Organization [ X ] Is HMO Federally Qualified? Yes ( ) No ( )

Incorporated July 7, 1993 Commenced Business January 1, 1994

Statutory Home Office 1407 Union Ave Suite 200, Memphis, Tennessee 38104 (Street and Number, City or Town, State and Zip Code)

Main Administrative Office 1407 Union Ave Suite 200, Memphis, Tennessee 38104 (Street and Number, City or Town, State and Zip Code) 901-725-7100 (Area Code) (Telephone Number)

Mail Address 1407 Union Ave Suite 200, Memphis, Tennessee 38104 (Street and Number, City or Town, State and Zip Code)

Primary Location of Books and Records 1407 Union Ave Suite 200, Memphis, Tennessee 38104 (Street and Number, City or Town, State and Zip Code)  
901-725-7100 (Area Code) (Telephone Number)

Internet Website Address www.mmcc-tlc.com/

Statutory Statement Contact Art Ansert (Name) 901-725-7100 (Area Code) (Telephone Number) (Extension)  
AAnsert@mmcc-tl.com (E-Mail Address) (Fax Number)

Policyowners Relations Contact and Phone Number N/A (Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

- 1. Al King (President)
- 2. Bruce Steinhauer, Dr (Secretary)

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Steven Burkett  
Brenda Jetter  
Andy Spooner, Dr  
Dennis Schaberg, Dr  
Barry Fowler  
Stuart Polly, Dr  
Jeff Brandon  
Bruce Steinhauer, Dr  
Al King

State of Tennessee }  
County of Shelby } SS

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement. knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Al King President Bruce Steinhauer, Dr Secretary

Subscribed and sworn to before me this 1 day of June, 2004  
a. Is this an original filing? Yes (X) No ( )  
b. If no: 1. State the amendment number  
2. Date filed  
3. Number of pages attached

NOTARY PUBLIC (Seal)

ASSETS

	Current Statement Date			4
	1	2	3	
	Assets	Nonadmitted Assets	Net Admitted Assets (Col. 1 minus Col. 2)	Prior Year Net Admitted Assets
1. Bonds .....	2,966,032		2,966,032	2,968,950
2. Stocks:				
2.1 Preferred stocks .....				
2.2 Common stocks .....				
3. Mortgage loans on real estate:				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....				
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....				
4.3 Properties held for sale (less \$ ..... encumbrances) .....				
5. Cash (\$ ..... 9,722,583 ), cash equivalents (\$ ..... ) and short-term investments (\$ ..... ) .....	9,722,583		9,722,583	6,389,811
6. Contract loans (including \$ ..... premium notes) .....				
7. Other invested assets .....				
8. Receivable for securities .....	40,002		40,002	47,103
9. Aggregate write-ins for invested assets .....				
10. Subtotals, cash and invested assets (Line 1 to Line 9) .....	12,728,617		12,728,617	9,405,864
11. Investment income due and accrued .....				
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection .....				
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....				
12.3 Accrued retrospective premiums .....				
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers .....				
13.2 Funds held by or deposited with reinsured companies .....				
13.3 Other amounts receivable under reinsurance contracts .....				
14. Amounts receivable relating to uninsured plans .....				
15.1 Current federal and foreign income tax recoverable and interest thereon .....				
15.2 Net deferred tax asset .....				
16. Guaranty funds receivable or on deposit .....				
17. Electronic data processing equipment and software .....	1,485,938	1,485,938		
18. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	168,924	168,924		
19. Net adjustment in assets and liabilities due to foreign exchange rates .....				
20. Receivables from parent, subsidiaries and affiliates .....	162,965		162,965	223,218
21. Health care (\$ ..... ) and other amounts receivable .....	5,273,201		5,273,201	4,875,625
22. Other assets nonadmitted .....				
23. Aggregate write-ins for other than invested assets .....	606,728	606,728		
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23) .....	20,426,373	2,261,590	18,164,783	14,504,707
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
26. TOTAL (Line 24 and Line 25) .....	20,426,373	2,261,590	18,164,783	14,504,707
DETAILS OF WRITE-INS				
0901. ....				
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....				
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above) .....				
2301. Prepaid Exp .....	598,728	598,728		
2302. Other .....	8,000	8,000		
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....				
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above) .....	606,728	606,728		

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$ ..... reinsurance ceded) .....	131,068		131,068	150,000
2. Accrued medical incentive pool and bonus amounts .....				
3. Unpaid claims adjustment expenses .....				
4. Aggregate health policy reserves .....				
5. Aggregate life policy reserves .....				
6. Property/casualty unearned premium reserve .....				
7. Aggregate health claim reserves .....				
8. Premiums received in advance .....				
9. General expenses due or accrued .....	4,585,811		4,585,811	1,337,029
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized capital gains (losses)) .....				
10.2 Net deferred tax liability .....				
11. Ceded reinsurance premiums payable .....				
12. Amounts withheld or retained for the account of others .....				
13. Remittances and items not allocated .....				
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current) .....				
15. Amounts due to parent , subsidiaries and affiliates .....	480,000		480,000	
16. Payable for securities .....				
17. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers) .....				
18. Reinsurance in unauthorized companies .....				
19. Net adjustments in assets and liabilities due to foreign exchange rates .....				
20. Liability for amounts held under uninsured accident and health plans .....				
21. Aggregate write-ins for other liabilities (including \$ ..... current) .....				
22. Total liabilities (Line 1 to Line 21) .....	5,196,879		5,196,879	1,487,029
23. Common capital stock .....	X X X	X X X		
24. Preferred capital stock .....	X X X	X X X		
25. Gross paid in and contributed surplus .....	X X X	X X X	3,699,498	3,699,498
26. Surplus notes .....	X X X	X X X		1,000,000
27. Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
28. Unassigned funds (surplus) .....	X X X	X X X	9,268,406	8,318,180
29. Less treasury stock, at cost:				
29.1 ..... shares common (value included in Line 23 \$ ..... ) .....	X X X	X X X		
29.2 ..... shares preferred (value included in Line 24 \$ ..... ) .....	X X X	X X X		
30. Total capital and surplus (Line 23 to Line 28 minus Line 29) .....	X X X	X X X	12,967,904	13,017,678
31. Total Liabilities, capital and surplus (Line 22 and Line 30) .....	X X X	X X X	18,164,783	14,504,707
DETAILS OF WRITE-INS				
2101. ....				
2102. ....				
2103. ....				
2198. Summary of remaining write-ins for Line 21 from overflow page .....				
2199. Totals (Line 2101 through Line 2103 plus Line 2198) (Line 21 above) .....				
2701. ....	X X X	X X X		
2702. ....	X X X	X X X		
2703. ....	X X X	X X X		
2798. Summary of remaining write-ins for Line 27 from overflow page .....	X X X	X X X		
2799. Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above) .....	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year to Date		Prior Year to Date
	1	2	3
	Uncovered	Total	Total
1. Member Months .....	X X X	596,847	2,314,367
2. Net premium income (including \$ ..... non-health premium income) .....	X X X		
3. Change in unearned premium reserves and reserve for rate credits .....	X X X		
4. Fee-for-service (net of \$ ..... medical expenses) .....	X X X		
5. Risk revenue .....	X X X		
6. Aggregate write-ins for other health care related revenues .....	X X X		
7. Aggregate write-ins for other non-health revenues .....	X X X		
8. Total revenues (Line 2 to Line 7) .....	X X X		
Hospital and Medical:			
9. Hospital/medical benefits .....		(268,540)	(3,028,705)
10. Other professional services .....		268,540	(189,508)
11. Outside referrals .....			
12. Emergency room and out-of-area .....			
13. Prescription drugs .....			857
14. Aggregate write-ins for other hospital and medical .....			
15. Incentive pool, withhold adjustments and bonus amounts .....			
16. Subtotal (Line 9 to Line 15) .....			(3,217,356)
Less:			
17. Net reinsurance recoveries .....			
18. Total hospital and medical (Line 16 minus Line 17) .....			(3,217,356)
19. Non-health claims .....			
20. Claims adjustment expenses, including \$ ..... cost containment expenses .....		829,776	2,976,744
21. General administrative expenses .....		(1,494,125)	(12,135,658)
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only) .....			
23. Total underwriting deductions (Line 18 through Line 22) .....		(664,349)	(12,376,270)
24. Net underwriting gain or (loss) (Line 8 minus Line 23) .....	X X X	664,349	12,376,270
25. Net investment income earned .....		50,165	105,122
26. Net realized capital gains (losses) .....			
27. Net investment gains (losses) (Line 25 plus Line 26) .....		50,165	105,122
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....			
29. Aggregate write-ins for other income or expenses .....		172,758	1,100,424
30. Net income or (loss) before federal income taxes (Line 24 plus Line 27 plus Line 28 plus Line 29) .....	X X X	887,272	13,581,816
31. Federal and foreign income taxes incurred .....	X X X		
32. Net income (loss) (Line 30 minus Line 31) .....	X X X	887,272	13,581,816
DETAILS OF WRITE-INS			
0601. ....	X X X		
0602. ....	X X X		
0603. ....	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	X X X		
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above) .....	X X X		
0701. ....	X X X		
0702. ....	X X X		
0703. ....	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page .....	X X X		
0799. Totals (Line 0701 through Line 0703 plus Line 0798) (Line 7 above) .....	X X X		
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....			
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above) .....			
2901. Other Revenue .....		172,758	1,100,424
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....			
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above) .....		172,758	1,100,424

STATEMENT AS OF MARCH 31 , 2004 OF THE Memphis Managed Care Corporation

STATEMENT OF REVENUE AND EXPENSES (continued)

CAPITAL AND SURPLUS ACCOUNT	1	2
	Current Year to Date	Prior Year
33. Capital and surplus prior reporting year .....	13,017,678	5,137,830
GAINS AND LOSSES TO CAPITAL AND SURPLUS		
34. Net income (loss) from Line 32 .....	887,272	13,581,816
35. Change in valuation basis of aggregate policy and claims reserves .....		
36. Net unrealized capital gains and losses .....		
37. Change in net unrealized foreign exchange capital gain or (loss) .....		
38. Change in net deferred income tax .....		
39. Change in nonadmitted assets .....	62,834	48,668
40. Change in unauthorized reinsurance .....		
41. Change in treasury stock .....		
42. Change in surplus notes .....	(1,000,000)	(5,750,636)
43. Cumulative effect of changes in accounting principles .....		
44. Capital Changes:		
44.1 Paid in .....		
44.2 Transferred from surplus (Stock Dividend) .....		
44.3 Transferred to surplus .....		
45. Surplus adjustments:		
45.1 Paid in .....		
45.2 Transferred to capital (Stock Dividend) .....		
45.3 Tranferred from capital .....		
46. Dividends to stockholders .....		
47. Aggregate write-ins for gains or (losses) in surplus .....		
48. Net change in capital and surplus (Line 34 to Line 47) .....	(49,894)	7,879,848
49. Capital and surplus end of reporting period (Line 33 plus Line 48) .....	12,967,784	13,017,678
DETAILS OF WRITE-INS		
4701. ....		
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page .....		
4799. Totals (Line 4701 through Line 4703 plus Line 4798) (Line 47 above) .....		

CASH FLOW

	1	2
	Current Year To Date	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance		123,077
2. Net investment income	57,266	105,122
3. Miscellaneous income	75,196	1,100,424
4. Total (Line 1 through Line 3)	132,462	1,328,623
5. Benefit and loss related payments		101,899
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	(4,210,110)	(7,970,839)
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) \$ . . . . .net of tax on capital gains (losses)		
10. Total (Line 5 through Line9)	(4,210,110)	(7,868,940)
11. Net cash from operations (Line 4 minus Line 10)	4,342,572	9,197,563
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds		
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Line 12.1 through Line 12.7)		
13. Cost of investments acquired (long-term only):		
13.1 Bonds		
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		7,815
13.7 Total investments acquired (Line 13.1 through Line 13.6)		7,815
14. Net increase or (decrease) in policy loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)		(7,815)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	(1,009,800)	(5,750,636)
16.2 Capital and paid in surplus, less treasury stock		(200)
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)		(7,367,249)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(1,009,800)	(13,118,085)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17)	3,332,772	(3,928,337)
19. Cash and short-term investments:		
19.1 Beginning of year	6,389,811	10,318,148
19.2 End of period (Line 18 plus Line 19.1)	9,722,583	6,389,811
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.001		
20.002		
20.003		

CASH FLOW, Line 20 (Continued)

	1	2
	Current Year To Date	Prior Year Ended December 31

Supplemental disclosures of cash flow information for non-cash transactions:

20 - Supplemental disclosures of cash flow information for non-cash transactions:

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1  Total	Comprehensive (Hospital and Medical)		4  Medicare Supplement	5  Vision Only	6  Dental Only	7  Federal Employees Health Benefit Plan	8  Title XVIII Medicare	9  Title XIX Medicaid	10  Stop Loss	11  Disability Income	12  Long-Term Care	13  Other
		2  Individual	3  Group										
Total Members at end of:													
1. Prior Year .....	194,981								194,981				
2. First Quarter .....	197,528								197,528				
3. Second Quarter .....													
4. Third Quarter .....													
5. Current Year .....													
6. Current Year Member Months .....													
Total Member Ambulatory Encounters for Period:													
7. Physician .....	10,600								10,600				
8. Non-Physician .....	195,000								195,000				
9. Total .....	205,600								205,600				
10. Hospital Patient Days Incurred .....	20,500								20,500				
11. Number of Inpatient Admissions .....	4,200								4,200				
12. Health Premiums Written .....													
13. Life Premiums Direct .....													
14. Property/Casualty Premiums Written .....													
15. Health Premiums Earned .....													
16. Property/Casualty Premiums Earned .....													
17. Amount Paid for Provision of Health Care Services .....													
18. Amount Incurred for Provision of Health Care Services .....													



CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
0599999 - Unreported claims and other claim reserves.....						131,068
0799999 - Total claims unpaid.....						131,068

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5  Claims Incurred in Prior Years (Columns 1 plus 3)	6  Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1  On Claims Incurred Prior to January 1 of Current Year	2  On Claims Incurred During the Year	3  On Claims Unpaid December 31 of Prior Year	4  On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....						
2. Medicare Supplement .....						
3. Dental only .....						
4. Vision only .....						
5. Federal Employees Health Benefits Plan .....						
6. Title XVIII - Medicare .....						
7. Title XIX - Medicaid .....	18,932		131,068		150,000	150,000
8. Other health .....						
9. Health subtotal (Line 1 to Line 8) .....	18,932		131,068		150,000	150,000
10. Other non-health .....						
11. Medical incentive pools and bonus amounts .....						
12. Totals .....	18,932		131,068		150,000	150,000

NOTES TO FINANCIAL STATEMENTS

Quarterly Statement as of March 31, 2004 of Memphis Managed Care Corp

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Memphis Managed Care Corporation Have been prepared in accordance with the NAIC Accounting Practice and Procedure Manual except to the extent that state law Differs.

The company, at the direction of the Commissioner of Insurance of the State of Tennessee for the period May 1, 2002 – December 31, 2002, on report #2A records claims reimbursements and administrative reimbursements as premiums, instead of netting them against claims and general administrative expenses respectively as required by SAP.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with the Quarterly Statement Instructions and Accounting Practice and Procedures manual requires the use of management’s estimates.

- 1) Short-term investments are stated at amortized cost.
- 2) Bonds are stated at amortized cost using the effective interest method.
- 3) The company does not hold common stock.
- 4) The company does not hold preferred stock.
- 5) The company does not hold mortgage loans.
- 6) The company does not hold loan-backed securities.
- 7) The company does not hold investments in subsidiaries, controlled and affiliated companies.
- 8) The company does not have minor ownership interests in joint ventures.
- 9) The company does not carry derivatives.

2. Accounting Changes and Corrections of Errors

A. Disclosure of material changes in accounting principles and or errors

N/A

3. Business Combinations and Goodwill

A. Statutory Purchase Method

N/A

B. Merger

N/A

C. Impairment Loss

N/A

4. Discontinued Operations

N/A

5. Investments

A. Mortgage Loans

N/A

B. Debt Restructuring

NOTES TO FINANCIAL STATEMENTS

N/A

C. Reverse Mortgages

Quarterly Statement as of March 31, 2004 of Memphis Managed Care Corp

N/A

D. Loan Backed Securities

N/A

E. Repurchase Agreements

N/A

6. Joint Ventures, Partnerships and Limited Liability Companies

N/A

7. Investment Income

A. N/A

B. Total Amount excluded was \$0

8. Derivative Instruments

9. Income Tax

A. Components of net deferred income tax asset or liability

N/A

B. DTLs not recognized

N/A

C. Significant components of income taxes incurred

N/A

D. Significant reconciling items of income taxes incurred

N/A

E(1). Operating loss and tax credit carry fowards

N/A

E(2). Recoupment of Income taxes available in the eventof furture losses

N/A

F Consolidated federal Income tax return

N/A

10. Information Concerning Parent, Subsidiaries and Affiliates

A. The company is jointly owned by The Regional Medical Center (The Med) & University of Tennessee Medical Group (UTMG).

B. Description of transactions

N/A

C. Dollar amount of Transactions

N/A

D. As of March 31, 2004 the company reported \$240,000 Due to UTMG for operational support & \$240,000 due to The Med for operational support. T The company reported \$162,964 due from The Med for MedCall & MRI services rendered.

NOTES TO FINANCIAL STATEMENTS

- E. Guarantees or undertakings for the benefit of an affiliate
- N/A
- F. Description of any material management contracts with related parties
- N/A
- G. Ownership in the company is 50% The Med, 50% UTMG

Quarterly Statement as of March 31, 2004 of Memphis Managed Care Corp

- H. Amount deducted from the value of an upstream intermediate entity
- N/A
- I. Investment in SCA in excess of SCA entity
- N/A
- J. Investment in SCA entity
- N/A

11. Debt

- A. Capital Notes
- N/A
- B. Other Debt
- N/A

12. Retirement Plans, Deferred Compensation, Post employment Benefits and compensated Absences and other Postretirement Benefit Plans  
Quarterly Statementfor the Year 2002 of Memphis Managed Care Corp

- B. Defined Contribution Plan
- N/A
- C. Multiemployer Plans
- N/A
- D. Consolidated/Holdings Company Plans
- N/A
- E. Post employment Benefits and Compensated Absences
- N/A

13. Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi Reorganizations.

- 1) The company has
- 2) The company has no preferred stock outstanding
- 3) Dividend Restrictions – N/A
- 4) Restrictions on unassigned Funds – None
- 5) The State of Tennessee requires the company to hold statutory deposits in the amount of 2,400,000
- 6) For mutuals, and similarly organized companies the total amount of advances to surplus not repaid. – N/A
- 7) Total Amount of Stock Held by the company – N/A
- 8) Changes in special surplus funds – N/A
- 9) Portion of unassigned funds (surplus) represented or reduced by each of the following items:
- a. Unrealized gains and losses -

N/A

b. Nonadmitted assets

2,261,590

c. Stock purchase warrants

N/A
- 10) Surplus Notes

NOTES TO FINANCIAL STATEMENTS

- 11) Impact of the restatement in quasi reorganization – N/A
- 12) Effective Date of a quasi reorganization – N/A

14. Contingencies

Quarterly Statementfor the Year 2002 of Memphis Managed Care Corp

A. Contingent Commitments

N/A

B. Assessments

N/A

C. Gain Contingencies

N/A

D. All Other Contingencies

Contingent Liabilities – N/A

15. Leases

A. Disclosures related to lessee leasing arrangements

N/A

B. Disclosures related to lessor leasing arrangements

N/A

16. Off Balance Sheet risk

- 1) The company has no financial instruments with off balance sheet risk.
- 2) The company does not use swaps, futures or options.
- 3) The company has no financial instruments with off balance sheet risk, and no counter party exposure.
- 4) The company has on financial instruments subject to credit risk.

17. Sale, Transfer and Servicing of Financial Assets andExtinguishments of Liabilities

A. Transfer of Receivables reported as Sales

N/A

B. Transfer and Servicing of financial Assets

N/A

C. Wash Sales

N/A

18. Gain or Loss to the company from Uninsured A&H Plans and Uninsured Portion of Partially Insured Plans

A. ASO Plan

The Gain from Operations from ASO uninsured plans and uninsured portion of partially insured plans was as follows during 2002:

	(1)		(2)	(3)
	ASO		Uninsured	
	Uninsured		Portion of	Total
	Plan		Partially Insured	ASO
			Plans	
a. Net reimbursement for Administrative Expenses (including Administrative Fees)				
In excess of Actual Expenses	\$664,349	\$		\$664,349

NOTES TO FINANCIAL STATEMENTS

b.	Total Net Other Income or Expenses (Including Interest paid to or received from plans)	\$	\$	\$
c.	Net Gain or Loss from Operations			

Quarterly Statementfor the Year 2002 of Memphis Managed Care Corp

d.	Total Claim Payment Volume	\$94,646,529	\$94,646,529
----	----------------------------	--------------	--------------

B. ASC Plan

N/A

C. Medicare or Other Similarly structured cost based reimbursement Contact:

N/A

19. Direct Premium Written/Produced by managing general agents/third Party Administrators

N/A

20. Other Items

A. Extraordinary Items

N/A

B. Troubled Debt Restructuring

N/A

C. Other Disclosures

None

21. Events Subsequent

N/A

22. Reinsurance

N/A

23. Retrospectively Rated Contracts

N/A

24. Organization and Operations

Memphis Managed Care Corporation was incorporated as a non-profit organization in 1993. The board of directors has equal representation from both The med and UTMG (owners).

25. Salvage and Subrogation

N/A

26. Change in Incurred Claims and Claim Adjustment Expense

27. Minimum Net Worth

The company must maintain the larger of the minimum net worth of \$1,500,000 or 4% of the first \$150,000,000 in premium and 1.5% in excess of that amount, as reported on the most recent Quarterly Statementfiled with the Tennessee Department of Commerce and Insurance.

NOTES TO FINANCIAL STATEMENTS

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	Net Premium Revenue		Calculated Requirement
Up To 150,000,000	150,000,000.00	4%	6,000,000.00
>150,000,000	246,665,509.00	1.5%	3,699,982.00
Total	346,535,307.00		8,948,029.61



GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements?

Yes ( ) No (X)
- 1.2

If yes, explain:
- 2.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ( ) No (X)
- 2.2

If yes, has the report been filed with the domiciliary state?

Yes ( ) No ( )
- 3.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ( ) No (X)
- 3.2

If yes, date of change:  
If not previously filed, furnish herewith a certified copy of the instrument as amended.
4.

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ( ) No (X)
- If yes, complete the Schedule Y - Part 1 - organizational chart.
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ( ) No (X)
- 5.2

If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

<div>1</div> <div>Name of Entity</div>	<div>2</div> <div>NAIC Company Code</div>	<div>3</div> <div>State of Domicile</div>
<div></div>	<div></div>	<div></div>
<div></div>	<div></div>	<div></div>
<div></div>	<div></div>	<div></div>

6.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes ( ) No ( ) N/A (X)
- If yes, attach an explanation.
- 7.1

State as of what date the latest financial examination of the reporting entity was made or is being made.
- 7.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity.  
This date should be the date of the examined balance sheet and not the date the report was completed or released.
- 7.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity.  
This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).
- 7.4

By what department or departments?
- 8.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes ( ) No (X)
- 8.2

If yes, give full information
- 9.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ( ) No (X)
- 9.2

If response to 9.1 is yes, please identify the name of the bank holding company.
- 9.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ( ) No (X)
- 9.4

If response to 9.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

<div>1</div> <div>Affiliate Name</div>	<div>2</div> <div>Location (City, State)</div>	<div>3</div> <div>FRB</div>	<div>4</div> <div>OCC</div>	<div>5</div> <div>OTS</div>	<div>6</div> <div>FDIC</div>	<div>7</div> <div>SEC</div>
<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>

GENERAL INTERROGATORIES (continued)

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted.)

INVESTMENT

10.1 Has there been any change in the reporting entity's own preferred or common stock? Yes ( ) No (X)

10.2 If yes, explain

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes ( ) No (X)

11.2 If yes, give full and complete information relating thereto:

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$

13. Amount of real estate and mortgages held in short-term investments: \$

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes ( ) No (X)

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Statement Value	Current Quarter Statement Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$	\$
14.24 Short-Term Investments	\$	\$
14.25 Mortgages, Loans or Real Estate	\$	\$
14.26 All Other	\$	\$
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Line 14.21 to Line 14.26)	\$	\$
14.28 Total Investment in Parent included in Line 14.21 to Line 14.26 above	\$	\$
14.29 Receivable from Parent not included in Line 14.21 to Line 14.26 above	\$	\$

15.1 Has the reporting entity entered into any hedging transactions reported on schedule DB? Yes ( ) No (X)

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes ( ) No ( )

If no, attach a description with this statement.

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV. H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes ( ) No (X)

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian Address

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes ( ) No (X)

16.4 If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository	Name(s)	Address

GENERAL INTERROGATORIES - Line 5.2 (Continued)

<sup>1</sup> Name of Entity	<sup>2</sup> NAIC Company Code	<sup>3</sup> State of Domicile
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GENERAL INTERROGATORIES - Line 9.4 (Continued)

<sup>1</sup> Affiliate Name	<sup>2</sup> Location (City, State)	<sup>3</sup> FRB	<sup>4</sup> OCC	<sup>5</sup> OTS	<sup>6</sup> FDIC	<sup>7</sup> SEC
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GENERAL INTERROGATORIES - Line 16.1 (continued)

<sup>1</sup> Name of Custodian(s)	<sup>2</sup> Custodian Address
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GENERAL INTERROGATORIES - Line 16.2 (continued)

<sup>1</sup> Name(s)	<sup>2</sup> Location(s)	<sup>3</sup> Complete Explanation(s)
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GENERAL INTERROGATORIES - Line 16.4 (continued)

<sup>1</sup> Old Custodian	<sup>2</sup> New Custodian	<sup>3</sup> Date of Change	<sup>4</sup> Reason
-------------------------------	-------------------------------	--------------------------------	------------------------

GENERAL INTERROGATORIES - Line 16.5 (continued)

<sup>1</sup> Central Registration Depository	<sup>2</sup> Name(s)	<sup>3</sup> Address
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SCHEDULE A - VERIFICATION

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....		
2. Increase (decrease) by adjustment .....		
3. Cost of acquired .....		
4. Cost of additions to and permanent improv .....		
5. Total profit (loss) on sales .....		
6. Increase (decrease) by foreign exchange .....		
7. Amount received on sales .....		
8. Book/adjusted carrying value at end of cu .....		
9. Total valuation allowance .....		
10. Subtotal (Line 8 plus Line 9) .....		
11. Total nonadmitted amounts .....		
12. Statement value, current period (Page 2, Total Assets line, Total Admitted Assets column) .....		

SCHEDULE B - VERIFICATION

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year .....		
2. Amount loaned during period:		
2.1 Actual cost at time of acquisitions ..		
2.2 Additional investment made after ac ..		
3. Accrual of discount and mortgage interest .....		
4. Increase (decrease) by adjustment .....		
5. Total profit (loss) on sale .....		
6. Amounts paid on account or in full during t .....		
7. Amortization of premium .....		
8. Increase (decrease) by foreign exchange .....		
9. Book value/recorded investment excluding .....		
10. Total valuation allowance .....		
11. Subtotal (Line 9 plus Line 10) .....		
12. Total nonadmitted amounts .....		
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column) .....		

SCHEDULE BA - VERIFICATION

Other Invested Assets Included in Schedule BA

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year .....		
2. Cost of acquisitions during period:		
2.1 Actual cost at time of acquisitions ..		
2.2 Additional investment made after ac ..		
3. Accrual of discount .....		
4. Increase (decrease) by adjustment .....		
5. Total profit (loss) on sale .....		
6. Amounts paid on account or in full during t .....		
7. Amortization of premium .....		
8. Increase (decrease) by foreign exchange .....		
9. Book/adjusted carrying value of long-term .....		
10. Total valuation allowance .....		
11. Subtotal (Line 9 plus Line 10) .....		
12. Total nonadmitted amounts .....		
13. Statement value of long term invested assets at end of current period (Page 2, Line 7, Column 3) .....		

SCHEDULE D - VERIFICATION

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks. December 31 of prior year .....		
2. Cost of bonds and stocks acquired .....		
3. Accrual of discount .....		
4. Increase (decrease) by adjustment .....		
5. Increase (decrease) by foreign exchange .....		
6. Total profit (loss) on disposal .....		
7. Consideration for bonds and stocks dispos .....		
8. Amortization of premium .....		
9. Book/adjusted carrying value, current per .....		
10. Total valuation allowance .....		
11. Subtotal (Line 9 plus Line 10) .....		
12. Total nonadmitted amounts .....		
13. Statement value .....		

SCHEDULE D - PART 1B

Showing the Acquisitions , Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1.....								
2. Class 2.....								
3. Class 3.....								
4. Class 4.....								
5. Class 5.....								
6. Class 6.....								
7. Total Bonds.....								
PREFERRED STOCK								
8. Class 1.....								
9. Class 2.....								
10. Class 3.....								
11. Class 4.....								
12. Class 5.....								
13. Class 6.....								
14. Total Preferred Stock.....								
15. Total Bonds and Preferred Stock.....								

NONE

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
8299999 Totals .....	NONE		.....	.....	.....

SCHEDULE DA - PART 2 - VERIFICATION

Short-Term Investments Owned

	1	2
	Year To Date	Prior Year Ended December 31
1. Book / adjusted carrying value, December 31 of prior year .....	.....	.....
2. Cost of short-term investments acquired .....	.....	.....
3. Increase (decrease) by adjustment .....	.....	.....
4. Increase (decrease) by foreign exchange ac .....	.....	.....
5. Total profit (loss) on disposal of short-term i .....	NONE	
6. Consideration received on disposal of short-t .....		
7. Book / adjusted carrying value, current peric .....		
8. Total valuation allowance .....		
9. Subtotal (Line 7 plus Line 8) .....	.....	.....
10. Total nonadmitted amounts .....	.....	.....
11. Statement value (Line 9 minus Line 10) .....	.....	.....
12. Income collected during period .....	.....	.....
13. Income earned during period .....	.....	.....

SCHEDULE DB - PART F - SECTION 1

Summary of Replicated (Synthetic) Assets Open

Replicated (Synthetic) Asset					Components of the Replicated (Synthetic) Asset						
1	2	3	4	5	Derivative Instruments Open		Cash Instrument(s) Held				
Replication RSAT Number	Description	NAIC Designation or Other Description	Statement Value	Fair Value	6	7	8	9	10	11	12
					Description	Fair Value	CUSIP	Description	Statement Value	Fair Value	NAIC Designation or Other Description

NONE

SCHEDULE DB - PART F - SECTION 2

Reconciliation of Replicated (Synthetic) Assets Open

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year-To-Date	
	1	2	3	4	5	6	7	8	9	10
	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value
1. Beginning Inventory .....										
2. Add: Opened or Acquired Transactions .....										
3. Add: Increases in Replicated Asset Statement Value .....	X X X						X X X		X X X	
4. Less: Closed or Disposed of Transactions .....										
5. Less: Positions Disposed of for Failing Effectiveness Criteria .....										
6. Less: Decreases in Replicated (Synthetic) Asset Statement Value .....	X X X						X X X		X X X	
7. Ending Inventory .....										

NONE



SCHEDULE S - CEDED REINSURANCE

Showing all new reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3  Name of Reinsurer	4  Location	5 Is Insurer Authorized? (Yes or No)
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NONE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

			1	2	Direct Business Only Year to Date					
			Guaranty Fund (Yes or No)	Is Insurer Licensed ? (Yes or No)	3	4	5	6 Federal Employees Health Benefits Program Premiums	7 Life and Annuity Premiums and Deposit-Type Contract Funds	8 Property/ Casualty Premiums
States, Etc.					Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX			
1.	Alabama .....	AL	No .....	No .....						
2.	Alaska .....	AK	No .....	No .....						
3.	Arizona .....	AZ	No .....	No .....						
4.	Arkansas .....	AR	No .....	No .....						
5.	California .....	CA	No .....	No .....						
6.	Colorado .....	CO	No .....	No .....						
7.	Connecticut .....	CT	No .....	No .....						
8.	Delaware .....	DE	No .....	No .....						
9.	District of Columbia .....	DC	No .....	No .....						
10.	Florida .....	FL	No .....	No .....						
11.	Georgia .....	GA	No .....	No .....						
12.	Hawaii .....	HI	No .....	No .....						
13.	Idaho .....	ID	No .....	No .....						
14.	Illinois .....	IL	No .....	No .....						
15.	Indiana .....	IN	No .....	No .....						
16.	Iowa .....	IA	No .....	No .....						
17.	Kansas .....	KS	No .....	No .....						
18.	Kentucky .....	KY	No .....	No .....						
19.	Louisiana .....	LA	No .....	No .....						
20.	Maine .....	ME	No .....	No .....						
21.	Maryland .....	MD	No .....	No .....						
22.	Massachusetts .....	MA	No .....	No .....						
23.	Michigan .....	MI	No .....	No .....						
24.	Minnesota .....	MN	No .....	No .....						
25.	Mississippi .....	MS	No .....	No .....						
26.	Missouri .....	MO	No .....	No .....						
27.	Montana .....	MT	No .....	No .....						
28.	Nebraska .....	NE	No .....	No .....						
29.	Nevada .....	NV	No .....	No .....						
30.	New Hampshire .....	NH	No .....	No .....						
31.	New Jersey .....	NJ	No .....	No .....						
32.	New Mexico .....	NM	No .....	No .....						
33.	New York .....	NY	No .....	No .....						
34.	North Carolina .....	NC	No .....	No .....						
35.	North Dakota .....	ND	No .....	No .....						
36.	Ohio .....	OH	No .....	No .....						
37.	Oklahoma .....	OK	No .....	No .....						
38.	Oregon .....	OR	No .....	No .....						
39.	Pennsylvania .....	PA	No .....	No .....						
40.	Rhode Island .....	RI	No .....	No .....						
41.	South Carolina .....	SC	No .....	No .....						
42.	South Dakota .....	SD	No .....	No .....						
43.	Tennessee .....	TN	Yes .....	Yes .....						
44.	Texas .....	TX	No .....	No .....						
45.	Utah .....	UT	No .....	No .....						
46.	Vermont .....	VT	No .....	No .....						
47.	Virginia .....	VA	No .....	No .....						
48.	Washington .....	WA	No .....	No .....						
49.	West Virginia .....	WV	No .....	No .....						
50.	Wisconsin .....	WI	No .....	No .....						
51.	Wyoming .....	WY	No .....	No .....						
52.	American Samoa .....	AS	No .....	No .....						
53.	Guam .....	GU	No .....	No .....						
54.	Puerto Rico .....	PR	No .....	No .....						
55.	U.S. Virgin Islands .....	VI	No .....	No .....						
56.	Canada .....	CN	No .....	No .....						
57.	Aggregate Other Alien .....	OT	X X X	X X X						
58.	Total (Direct Business) .....		X X X	(a) .... 1						
DETAILS OF WRITE-INS										
5701.	.....									
5702.	.....									
5703.	.....									
5798.	Summary of remaining write-ins for Line 57 from overflow page .....									
5799.	Total (Line 5701 through Line 5703 plus Line 5798) (Line 57 above) .....									

(a) Insert the number of yes responses except for Canada and Other Alien .

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES  
OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

**PART 1 - ORGANIZATIONAL CHART**

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**NONE**

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SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing . However , in the event that your company does not transact the type of business for which the special report must be filed , your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below . If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATIONS and provide an explanation following the interrogatory questions .

RESPONSE

1. Will the SVO Compliance Certification be filed with this statement?

EXPLANATIONS:

.....

BAR CODE:

Document Identifier 470:

OVERFLOW PAGE FOR WRITE-INS

OVERFLOW WRITE-INS FOR Page 2, Assets

	Current Statement Date			4
	1	2	3	
	Assets	Nonadmitted Assets	Net Admitted Assets (Col. 1 minus Col. 2)	Prior Year Net Admitted Assets

SCHEDULE A - PART 2

Showing All Real Estate ACQUIRED During the Current Quarter

1  Description of Property	Location		4  Date Acquired	5  Name of Vendor	6  Actual Cost	7  Amount of Encumbrances	8 Book / Adjusted Carrying Value Less Encumbrances	9 Expended for Additions and Permanent Improvements
	2  City	3  State						

NONE

E01

SCHEDULE A - PART 3

Showing All Real Estate SOLD During the Quarter , Including Payments During the Final Year on "Sales under Contract"

1  Description of Property	Location		4  Disposal Date	5  Name of Purchaser	6  Actual Cost	7  Increase (Decrease) by Adjustment	8 Increase (Decrease) by Foreign Exchange Adjustment	9 Expended for Additions, Permanent Improvements and Changes in Encumbrances	10 Book/Adjusted Carrying Value Less Encumbrances	11  Amounts Received	12  Foreign Exchange Profit (Loss) on Sale	13  Realized Profit (Loss) on Sale	14  Total Profit (Loss) on Sale	15 Gross Income Earned Less Interest Incurred on Encumbrances	16 Taxes, Repairs and Expenses Incurred
	2  City	3  State													

NONE

SCHEDULE B - PART 1

Showing All Mortgage Loans ACQUIRED during the Current Quarter

1	Location		4	5	6	7	8	9	10	11
Loan Number	2	3	Loan Type	Date Acquired	Rate of Interest	Book Value/Recorded Investment Excluding Accrued Interest	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Value of Land and Buildings	Date of Last Appraisal or Valuation
	City	State								

NONE

SCHEDULE B - PART 2

Showing All Mortgage Loans SOLD , Transferred or Paid in Full During the Current Quarter

1	Location		4	5	6	7	8	9	10	11	12	13
Loan Number	2	3	Loan Type	Date Acquired	Book Value/Recorded Investment Excluding Accrued Interest Prior Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Book Value/Recorded Investment Excluding Accrued Interest at Disposition	Consideration Received	Foreign Exchange Profit (Loss) on Sale	Realized Profit (Loss) on Sale	Total Profit (Loss) on Sale
	City	State										

NONE

SCHEDULE BA - PART 1

Showing Other Long-Term Invested Assets ACQUIRED During the Current Quarter

1	Location		4	5	6	7	8	9	10
Number of Units and Description	2	3	Name of Vendor	Date Acquired	Actual Cost	Amount of Encumbrances	Book / Adjusted Carrying Value Less Encumbrances	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment
	City	State							

NONE

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets SOLD , Transferred or Paid in Full During the Current Quarter

1	Location		4	5	6	7	8	9	10	11	12	13
Number of Units and Description	2	3	Name of Purchaser or Nature of Disposition	Date Acquired	Book / Adjusted Carrying Value Less Encumbrances Prior Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Book / Adjusted Carrying Value less Encumbrances at Disposition	Consideration Received	Foreign Exchange Profit (Loss) on Sale	Realized Profit (Loss) on Sale	Total Profit (Loss) on Sale
	City	State										

NONE



SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)

NONE

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold , Redeemed or Otherwise Disposed of  
by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/ Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identif- ication	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Anort- ization) / Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B . /A . C . V . (11+12-13)	Total Foreign Exchange Change in B . /A . C . V .	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Recieved During Year	Maturity Date	NAIC Designa- tion or Market Indi- cator (a)

NONE

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues . . . . .

SCHEDULE DB - PART A - SECTION 1

Showing all Options , Caps , Floors and Insurance Futures Options Owned at Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry , or Settlement	Strike Price, Rate or Index	Date of Acquisition	Exchange or Counterparty	Cost/Option Premium	Book Value	*	Statement Value	Fair Value	Year to Date Increase / (Decrease) by Adjustment	Used to Adjust Basis of Hedged Item	Other Investment/ Miscellaneous Income

NONE

E06

SCHEDULE DB - PART B - SECTION 1

Showing all Options , Caps , Floors and Insurance Futures Options Written and In-Force at Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry , or Settlement	Strike Price, Rate or Index	Date of Issuance/ Purchase	Exchange or Counterparty	Consideration Received	Book Value	*	Statement Value	Fair Value	Year to Date Increase / (Decrease) by Adjustment	Used to Adjust Basis	Other Investment/ Miscellaneous Income

NONE

SCHEDULE DB - PART C - SECTION 1

Showing all Collar , Swap and Forwards Open at Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Description	Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price, Rate or Index Rec (Pay)	Date of Opening Position or Agreement	Exchange or Counterparty	Cost or (Consideration Received)	Book Value	*	Statement Value	Fair Value	Year to Date Increase (Decrease) by Adjustment	Used to Adjust Basis of Hedged Item	Other Investment/ Miscellaneous Income	Potential Exposure

NONE

SCHEDULE DB - PART D - SECTION 1

Showing all Futures Contracts and Insurance Futures Contracts at Current Statement Date

1	2	3	4	5	6	7	8	9	Variation Margin Information			13
Description	Number of Contracts	Maturity Date	Original Value	Current Value	Variation Margin	Date of Opening Position	Exchange or Counterparty	Cash Deposit	10 Recognized	11 Used to Adjust Basis of Hedged Item	12 Deferred	Potential Exposure

NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository		2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
		Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	6	7	8	*
Name	Location and Supplemental Information					First Month	Second Month	Third Month	
Open Depositories									
NBC General Operating	NBC					119,090	118,400	118,404	
Amsouth General Operating	Amsouth					4,211,380	(1,755,478)	3,221,150	
Amsouth Claims	Amsouth					(10,404,126)	(8,447,032)	(11,796,710)	
Amsouth Payroll	Amsouth					(10,789)	(28,733)	13,113	
Escrow Cash	NBC					63,672	106,155	346,155	
Amsouth Trust	Amsouth			17,734	17,734	11,569,136	14,658,333	17,819,871	
						600	600	600	
0199999 - TOTAL - Open Depositories				17,734	17,734	5,548,963	4,652,245	9,722,583	
0399999 - TOTAL Cash on Deposit				17,734	17,734	5,548,963	4,652,245	9,722,583	
0599999 - TOTALS				17,734	17,734	5,548,963	4,652,245	9,722,583	

Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Member Months	579,914	1,728,098	2,314,367
REVENUES:			
1 TennCare Capitation	92,046,044	92,299,967	390,132,800
2 Investment	50,165	50,165	105,122
3 Other Revenue	173,230	173,230	612,321
4 Total Revenue	92,269,439	92,523,362	390,850,243
EXPENSES:			
Medical and Hospital Services			
5 Capitated Physician Services	2,347,445	2,347,445	8,751,796
6 Fee for Service Physician Services	21,123,309	20,226,465	82,943,545
7 Inpatient Hospital Services	20,928,172	22,926,113	91,135,553
8 Outpatient Services	139,153	139,153	7,779,504
9 Emergency Room Services	5,853,020	5,853,020	26,460,811
10 Mental Health Services	11,511	11,511	69,821
11 Dental Services	2,002	2,002	79,315
12 Vision Services	677,324	677,324	2,619,864
13 Pharmacy Services	6,060	6,060	37,134,086
14 Home Health Services	525,483	525,483	2,173,402
15 Chiropractic Services	-	-	-
16 Radiology Services	2,817,649	2,817,649	10,919,284
17 Laboratory Services	2,469,567	2,469,567	8,830,226
18 Durable Medical Equipment Services	2,402,850	2,402,850	8,170,922
19 Transportation Services	1,681,325	1,681,325	3,273,899
20 Outside Referrals	-	-	-
21 Medical incentive Pool and Withhold Adjustments	-	-	-
22 Occupancy Depreciation and Amortization	-	-	-
23 Other Medical and Hospital Services	23,565,687	22,718,514	66,639,586
24 Subtotal	84,550,559	84,804,482	356,981,615
25 Reinsurance Expense Net of Recoveries	(39,451)	(39,451)	3,336,200
LESS:			
26 Copayments	-	-	-
27 Subrogation	30,658	30,658	305,517
28 Coordination of Benefits	(31,130)	(31,130)	182,585
29 Subtotal	(472)	(472)	488,103
30 TOTAL MEDICAL AND HOSPITAL	84,511,580	84,765,503	359,829,713
Administration			
31 Compensation	2,312,347	2,312,347	8,929,412
32 Marketing	28,263	28,263	44,491
33 Interest Expense	-	-	1,033,669
34 Premium Tax Expense	-	-	-
35 Occupancy Depreciation and Amortization	328,684	328,684	1,235,310
36 Other Administration	4,191,172	4,191,172	6,195,833
37 TOTAL ADMINISTRATION	6,860,467	6,860,467	17,438,714
38 TOTAL EXPENSES	91,372,047	91,625,970	377,268,427
39 NET INCOME (LOSS)	897,392	897,392	13,581,815